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San Francisco Officials to Tech Workers: Buy Your Lunch



A grocery store and food court, the Market, downstairs from Twitter's offices in San Francisco's Mid-Market neighborhood. A proposed ordinance would ban employee cafeterias in new buildings, encouraging tech workers to go out to eat. Credit Jason Henry for The New York Times

By Nellie Bowles

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SAN FRANCISCO — The corporate campuses of the Bay Area's technology companies have become independent fiefs with dry cleaning, gyms, doctors, shuttle buses and bountiful free meals, made by the best chefs poached from the region's famous restaurants. Now, local officials are knocking at the gates.

And they are coming for the food.

Two San Francisco supervisors introduced an ordinance last week that would forbid employee cafeterias in new corporate construction. It is not clear whether the measure will pass, but it is a direct attack on one of the modern tech industry's most entrenched traditions.

The ordinance, which seeks to force tech workers out of their subsidized cafeterias and into neighborhood restaurants, is the latest attempt by San Francisco leaders to make the tech companies that are migrating north from Silicon Valley adapt to life in the city.

The issue is an emotional one in San Francisco, where the flood of new workers and existing residents have struggled to mesh as the cost of living has spiraled. Income inequality in the city — often defined as “the haves who work for tech companies versus just about everyone else” — is among the highest in the country. Renting a [one-bedroom apartment now costs on average \\$3,258 a month](#). The median home price [rose to \\$1.6 million](#) earlier this year.

Though San Francisco’s Board of Supervisors is not expected to consider the cafeteria ban until the fall, local reaction to it has fallen along the city’s typical, pro- and anti-tech fault lines.



Twitter’s offices in San Francisco. Aaron Peskin, a city supervisor and a sponsor of the cafeteria ordinance, criticized tech companies for “creating isolated, walled-off campuses.” Credit Jason Henry for The New York Times

“These tech companies have decided to leave their suburban campuses because their employees want to be in the city, and yet the irony is, they come to the city and are creating isolated, walled-off campuses,” said Aaron Peskin, a city supervisor who is co-sponsoring the bill with Ahsha Safai. “This is not against these folks, it’s for them. It’s to integrate them into the community.”

Mr. Peskin’s ordinance is also aimed at getting more out of a tax deal given to tech companies that would agree to move into a troubled area called Mid-Market. In 2011, the companies were given

tax breaks on payroll and stock options with the hope that they would bring jobs and investment to the neighborhood, just a short walk from San Francisco's City Hall.

Within a few years, a number of companies like Twitter, Square and Uber moved into Mid-Market. But despite initial excitement over the opening of a number of restaurants and shops, the neighborhood has not yet flourished the way many had hoped.

Open drug use is still common on the streets around Twitter's headquarters. Some of the big restaurants that moved in have already moved out because they were not drawing enough customers. A few stories up, in a forbidding Art Deco-style building, Twitter employees enjoy free meals in an expansive corporate cafeteria. Tight security on the ground floor keeps the problems of the street away.

"We gave huge tax breaks to revitalize neighborhoods," Mr. Peskin said. "But instead, they're all walled into their tech palaces."

Existing tech kitchens would be grandfathered in under the proposed ordinance, so that anyone who has in-office meals now would keep them. But newcomers would have to learn to eat out or brown bag it.

"I'm not taking away anybody's lunch," Mr. Peskin said.

San Francisco is not alone in trying to crack the insularity of fast-growing tech employers. [City officials in Mountain View barred Facebook](#) from serving free meals at its new campus that opens this fall. Facebook is even planning on [building residential housing for non-employees](#) as it expands in nearby Menlo Park.

Tech companies have long offered perks like free meals, mainly to keep employees in the office and working longer hours. High-end cafeterias often made sense when companies were in suburban office parks, surrounded by parking lots and not a whole lot of food options. But the social and commercial functions they now provide to their employees are unprecedented, said [Leslie Berlin](#), project historian for the Silicon Valley Archives at Stanford University.

"There's never been anything on the scale of what we're seeing now," said Ms. Berlin, who wrote a history of the industry called "Troublemakers." "I've often wondered what's lost in this trend to just constantly stay in your own ecosystem. What are the risks in these siloed monocultures?"

To some tech workers, targeting their free food feels more like scapegoating for the city's problems than like sound policy. San Francisco had drug and homelessness issues long before Twitter came along. Tech companies cannot be blamed for local policies that have helped to derail new housing construction. And not every computer programmer, they note, is a millionaire.

"I'm not in favor of local government mandating where I can and cannot eat," said James Manning, 43, the director of user experience at Dolby Laboratories, where in-office meals are heavily subsidized. "The idea the food doesn't need to be subsidized, that tech workers make so much, is a fallacy. Tech workers, the vast majority, with the cost of living here, are not wealthy."

As he talked, Mr. Manning was having lunch (barbecue ribs) on a foray outside his office “as a treat” because he was meeting up with friends.



“I’ve operated grocery stores all over the country,” said Michael Cohen, the Market’s managing partner. “This environment is the most challenging I’ve ever been in.” Credit Jason Henry for The New York Times

“It’s the food equivalent of going out for drinks,” he said.

Certainly, not all tech companies in San Francisco offer employees free meals. Salesforce, the largest tech employer in the city, does not. And Paul Rava, the chief financial officer at Credit Sesame, a start-up that offers free credit scores, said the cafeteria ban could help him compete for workers.

“This could even the playing field a bit,” he said. He said his company had just recruited someone from Google, which is hard because it cannot match the food spread.

Katherine Chiao, the co-owner of Kagawa-Ya Udon, a Japanese bistro that shares a building with the Uber and Square offices in Mid-Market, said the corporate cafeterias were making local restaurants “unsustainable.” Workers do not come downstairs to eat, she said.

“All the restaurants that moved in here, we’re just sitting ducks,” Ms. Chiao said. “Who’s going to go down next?”

In the center of Mid-Market, downstairs from Twitter, is a buzzing grocery store and food court called the Market. The food hall includes a poke bar, an organic chicken sandwich counter, a wine bar and a Malaysian restaurant. But it is hard to compete with free.

Michael Cohen, the Market's managing partner, said he visited some of the tech company cafeterias and was shocked to see people not only eating their free lunches — they were picking up a few things to eat at home.



Security at Market Square, an outdoor space sandwiched between two Twitter offices. Credit Jason Henry for The New York Times

“They’re grabbing extra fruit, snacks, drinks, right out of the refrigerators,” he said. “I’m a lifelong grocer, and I saw people shopping.”

Still, he offered as a caveat, the bigger issue for him is crime, street chaos and the staggering expense of security (there are several security guards at the door and inside). Recently, someone took off their pants in the store and had to be carried out by a guard, only to come back and urinate on a window.

“I’ve operated grocery stores all over the country,” he said. “This environment is the most challenging I’ve ever been in.”

Sitting outside the Market were two tech workers dressed in layers for the San Francisco summer chill, wearing corporate badges on drawstrings. Free food, they said, was more necessity than luxury.

“I’d personally rather have the cash,” said Tim Bellay, 40, a software engineer at Microsoft, which has a local office.

“If I have food upstairs, I’m not going to pay for it, no way,” said K. C. Clawson, 35, who does business analytics for Microsoft. “I’m so cheap.”

What then do they spend their money on?

“Rent,” Mr. Bellay said flatly.

“Rent,” Ms. Clawson said. “There’s no other choice. Even on weekends. You know, I used to go out. I used to go out to restaurants all the time. I used to love it. Now in San Francisco, when I don’t eat at the office, I cook.”

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